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SODIUM ACETATE FROM CANADA

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Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-211 Under the Antidumping Act, 1921, as Amended, Together With the Information Obtained in the Investigation

ORIGINAL

USITC PUBLICATION 1023

DECEMBER 1979

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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NEWS

FOR RELEASE
December 21, 1979

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USTIC REPORTS NO INJURY TO U.S. INDUSTRY FROM LTFV IMPORTS OF SODIUM ACETATE FROM CANADA

The United States International Trade Commission today reported to the Secretary of the Treasury its determination, by a 5-to-0 vote, that there is no injury or the likelihood of injury or the prevention of establishment of an industry in the United States by reason of sales of sodium acetate from Canada at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

Chairman Joseph O. Parker, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Catherine Bedell, and Paula Stern concurred in the determination.

The Commission's investigation was instituted on October 12, 1979, after receipt of advice from the Treasury Department that sodium acetate from Canada is being, or is likely to be, sold in the United States at LTFV. A public hearing in connection with the Commission's investigation was held on November 27, 1979, in Washington, D.C.

Sodium acetate, the major commercial salt of acetic acid, can be produced as an anhydrous powder or in solution, and in a number of grades. The technical and Food Chemicals Codex grades of the anhydrous powder account for virtually all commerical consumption. The domestic textile and dye industry is the major consumer of sodium acetate, however, more than half of the U.S. consumption is accounted for by

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manufacturers of chemicals, pharmaceuticals, synthetic organic flavors, detergents, and kidney dialysis solutions.

Imports of sodium acetate from Canada accounted for the vast majority of imports, representing about 97 percent of the total in 1976 and 1978 and 90 percent in 1977, when imports of the Canadian material reached a peak of 2.0 million pounds. From 1976 to 1978, such imports declined from 1.3 million pounds to 1.2 million pounds. In January-September 1979, imports from Canada fell to 50,000 pounds, or by more than 95 percent from those in the corresponding period of 1978. The ratio of imports from Canada to apparent U.S. open-market consumption also declined in terms of quantity during the period.

Domestic production increased by about 13 percent from 1976 to 1978. U.S. producers' open-market shipments increased by 18 percent during that period, and industry's production capacity increased by 34 percent. Capacity utilization increased from 73.2 percent in 1976 to 78.4 percent for the period January-September 1978.

The Commission's public report, Sodium Acetate From Canada (USITC Publication 1023), contains the views of the Commissioners in the investigation (No. AA1921-211). Copies may be obtained by calling (202) 523-5178; from the Office of the Secretary, 701 E Street NW., Washington, D.C. 20436; or at the USITC's New York Office, 6 World Trade Center, Suite 629, New York, N.Y. 10048, telephone (212) 466-5599.

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-211]

SODIUM ACETATE FROM CANADA

Determination of No Injury or Likelihood Thereof

Determination

On the basis of information developed during the course of its investigation, the Commission has unanimously determined that an industry in the United States is not being injured and is not likely to be injured, and is not prevented from being established, by reason of the importation of sodium acetate from Canada that is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

Procedural history

On October 1, 1979, the United States International Trade Commission received advice from the Department of the Treasury that sodium acetate from Canada is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). Accordingly, on October 12, 1979, the Commission instituted investigation No. AA1921-211 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Notice of the institution of the investigation and of the public hearing held in connection therewith was published in the Federal Register on October 24, 1979 (44 F.R. 61272). On November 27, 1979, a hearing was held in Washington D.C., at which all interested parties were provided an

opportunity to appear by counsel or in person.

The Treasury Department instituted its investigation after receiving a petition filed on March 5, 1979, from counsel on behalf of Niacet Corp. of Niagara Falls, New York. Treasury's notice of withholding of appraisement and determination of sales at less than fair value was published in the Federal Register of October 4, 1979 (44 F.R. 57249).

In arriving at its determination, the Commission gave due consideration to all written submissions from interested parties and information adduced at the hearing as well as information provided by the Department of the Treasury and data obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

VIEWS OF VICE CHAIRMAN BILL ALBERGER AND COMMISSIONERS GEORGE M. MOORE, CATHERINE BEDELL, AND PAULA STERN

On the basis of the information in the investigation, we determine that an industry in the United States is not being injured, is not likely to be injured, and is not prevented from being established, 1/ by reason of the importation of sodium acetate from Canada which the Department of the Treasury has determined is being, or is likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

DISCUSSION

The Department of Treasury's investigation of LTFV imports of sodium acetate from Canada was confined to exports by Van Waters & Rogers, Ltd. (VWR), Quebec, the sole producer of the chemical in Canada. The commercial market deals almost exclusively with anhydrous sodium acetate, particularly technical and FCC 2/ grades, which accounted for over 98 percent of total U.S. sales during the period under study. During the period under investigation all export shipments were of FCC grade material and all were sold to a single U.S. distributor--American International Chemical, Inc. (AIC). Treasury examined 100 percent of VWR's sales of sodium acetate to AIC during the 6 month period September 1, 1978, through February 28, 1979.

1/ Prevention of establishment of an industry is not an issue in this investigation and will not be discussed further in this view.

2/ Food Chemicals Codex.

A LTFV margin of 34.75 percent of the purchase price was found on all of the individual sales examined.

NO INJURY BY REASON OF LTFV SALES

Sodium acetate, the major ccommercial salt of acetic acid, is used as an intermediate for dyes and certain chemicals, and as a buffer in textile dyes and printing inks, feed preparation, and food preservatives. In 1978, the relevant U.S. industry consisted of the eight firms producing this product. Of these, two firms, Niacet and Mallinckrodt, supplied over half of domestic production.

From 1976 through 1978, when imports of sodium acetate from Canada into the U.S. were at their highest levels, capacity utilization for the industry increased by more than 5 percentage points, or from 73.2 to 78.4 percent. Capacity utilization declined sharply in the period January-September 1979 primarily because of the completion of added capacity by Niacet, the largest U.S. producer. In contrast, capacity utilization among the other producers generally increased during this period.

From 1976 to 1978, U.S. producers' shipments of sodium acetate increased by nearly 18 percent in terms of quantity and 29 percent in terms of value. U.S. producers' shipments increased again in January-September 1979 over the same period in the previous year both in terms of quantity and value. This trend held despite the decline in Niacet's shipments between the first nine months of 1978 and the corresponding period in 1979. In addition, a new U.S. company began marketing sodium acetate in 1978.

During the period 1976 to 1978, the average number of all employees in U.S. establishments producing sodium acetate remained relatively stable, while the average number of production and related workers engaged in the manufacture of sodium acetate increased by 6 percent. Man-hours worked by these production and related workers increased by nearly 14 percent during the same period.

The combined inventories of the two largest commercial producers of sodium acetate, Niacet and Mallinckrodt, declined by 70 percent from December 31, 1976 to September 30, 1979.

Similarly, the ratio of these producers' combined inventories to shipments also declined during this period.

From 1976 to 1978, when imports of sodium acetate from Canada were at their highest levels, the aggregate net operating profit for the two largest commercial producers of sodium acetate increased, while their ratio of net operating profit to net sales declined only slightly. Sharp declines in profitability occurred in January-June 1979 even though imports from Canada were virtually nonexistant. This decline was largely due to a substantial increase in cost of goods sold because of a sharp rise in raw material and energy costs.

The ratio of imports of Canadian-produced sodium acetate to total U.S. consumption decreased slightly from 1976 to 1978. This ratio dropped sharply in January-September 1979. The ratio of imports from Canada to apparent U.S. open-market consumption followed the same trend.

Only one producer alleged that sales of sodium acetate had been lost to imports during the period from 1976 to September 1979. The Commission was able to verify 1.8 million pounds of lost sodium acetate sales out of alleged lost sales of 3.2 million pounds. Of the 5 firms cited for lost sales, two firms stated that a combination of price and service offered by AIC (the sole distributor of the Canadian-produced sodium acetate in the U.S.) won AIC the sales.

Although imports of sodium acetate from Canada were sold by VWR at substantially lower prices than the domestic product during the period 1977-78 we could find no injury or threat of injury to the domestic sodium acetate industry. The major producer, Niacet, may have suffered injury, but the information developed during the investigation indicates such injury was due to competitive conditions within the domestic industry and to the underutilization of its recently expanded capacity.

CONCLUSION

Based on the foregoing information, we conclude that an industry in the United States is not being injured, and is not likely to be injured by reason of importation of sodium acetate from Canada sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

CONCURRING VIEWS OF CHAIRMAN JOSEPH O. PARKER

I concur in the determination of the Commission in investigation No. AA1921-211 that an industry in the United States is not being injured, is not likely to be injured, and is not prevented from being established by reason of sales of sodium acetate from Canada at less than fair value (LTFV). Although investigations by the Department of the Treasury and the Commission clearly established the willingness and the ability of the sole Canadian exporter of sodium acetate, Van Waters & Rogers (VWR), to sell at LTFV, in my judgment the requirement of the statute that there be a clear indication of injury or likelihood of injury by reason of such sales has not been fulfilled. 1/

The Department of the Treasury's investigation established that virtually all the sodium acetate sold by VWR during the period September 1978-February 1979 was sold at LTFV at a margin of 34.75 percent. The Commission's investigation established that such merchandise was sold at prices below those of domestic producers, and as a result domestic producers lost sales. Pricing comparisons also revealed indications that domestic producers' prices were suppressed as a result of these sales. However, in my judgment, these factors do not establish injury or likelihood thereof within the meaning of the statute.

In 1978, imports of sodium acetate from VWR declined by almost 40 percent. In the same year, apparent domestic consumption increased by about 10 percent and apparent open-market consumption also increased. As a result, the ratios of imports from Canada to total consumption and open-market consumption both declined between 40 and 50 percent. In the same year, domestic production and shipments increased by more than 10 percent, and inventories declined by more than 40 percent. Available data indicate that gross profit and the

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1/ See Trade Reform Act of 1974: Report of the Committee on Finance . . ., S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 179.

ratio of net operating profit to net sales for the domestic industry increased by more than one-third.

Imports of sodium acetate from VWR ceased almost completely in 1979, principally as a result of an equipment failure at VWR. Although the equipment has now been repaired, exports have not been resumed. This equipment can be used in the production of other chemical products. No new capacity has been added, and VWR has allowed an important raw-material-supply agreement to lapse.

In view of these factors, I have determined that there is no injury or likelihood of injury within the meaning of the Antidumping Act. Should exports of sodium acetate from Canada to the United States at LTFV prices resume, petitioners are free to petition for a new investigation, presumably under the new and faster time requirements of the Trade Agreements Act of 1979.

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INFORMATION OBTAINED IN THE INVESTIGATION

Summary

On October 12, 1979, the U.S. International Trade Commission instituted antidumping investigation No. AA1921-211 after being advised by the Department of the Treasury on October 1, 1979, that sodium acetate from Canada is being, or is likely to be, sold in the United States at less than fair value (LTFV). Treasury's investigation was instituted in response to a complaint filed by Niacet Corp., the largest domestic producer of sodium acetate.

Sodium acetate is the major commercial salt of acetic acid. It can be produced in either of two forms (anhydrous powder or solution) and in a number of grades, but the technical and Food Chemicals Codex (FCC) grades of the anhydrous powder account for virtually all commercial consumption. Although the major consumer of sodium acetate is the textile and dye industry, manufacturers of chemicals, pharmaceuticals, synthetic organic flavors, detergents, and kidney dialysis solutions together account for more than half of U.S. consumption.

The imports of sodium acetate examined by Treasury in its determination of LTFV sales were shipped by Van Waters & Rogers, Ltd. (VWR), the sole Canadian producer of the salt. All of VWR's material was FCC grade, and virtually all was sold to a single importer, American International Chemical, Inc. (AIC). Treasury compared AIC's purchase price to the home-market price, and a LTFV margin of 34.75 percent of the purchase price was found in each transaction.

U.S. imports of sodium acetate for 1976-78 and January-September 1979 are shown in the following table and in figure 1. The Canadian material accounted for the vast majority of imports, representing about 97 percent of the total in 1976 and 1978 and 90 percent in 1977. In 1977, imports of sodium acetate from Canada reached a peak of 2.0 million pounds, accounting for * * * percent of apparent U.S. open-market consumption in terms of quantity and * * * percent in terms of value. In 1976 and 1978, imports of the Canadian product were between 1.3 and 1.4 million pounds. In January-September 1979, imports from Canada fell by more than 95 percent (in comparison with January-September 1978) to 50,000 pounds, principally because of an equipment failure at VWR. The ratio of imports from Canada to apparent U.S. open-market consumption declined during the period in question in terms of quantity, falling from * * * percent in 1976 to * * * percent in 1978, but rose from * * * percent in 1976 to * * * percent in 1978 in terms of value. In January-September 1979, the ratio of imports from Canada to open-market consumption dwindled to * * * percent with respect to both quantity and value, reflecting the drop in imports from Canada.

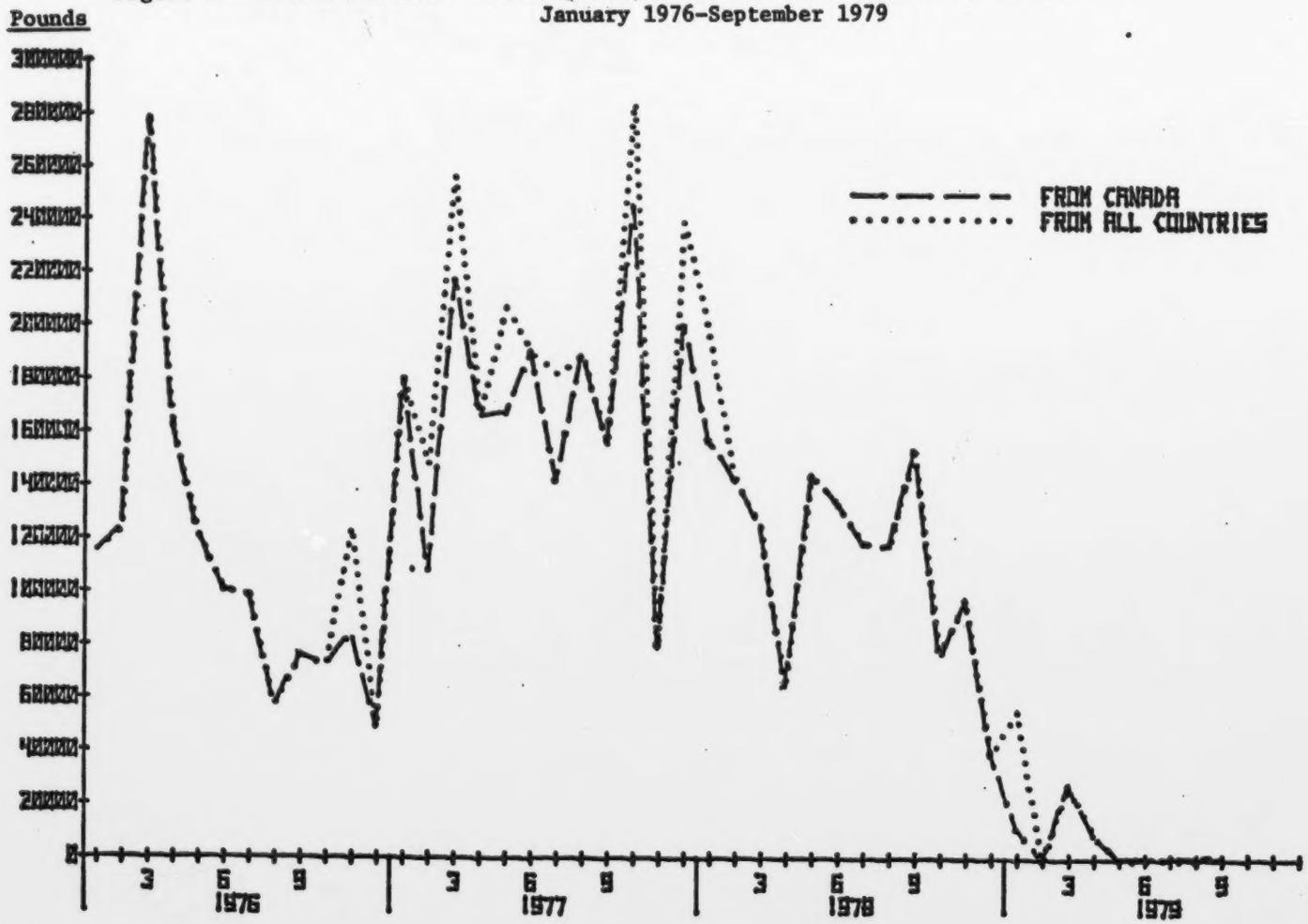
The data tabulated on page 4 give some indication of the U.S. industry's performance during 1976-78 and January-September 1979. 1976 appears to have been the most profitable year, at least for the two largest commercial producers of sodium acetate. In that year, the ratio of net operating profit to net sales was * * * percent. During the rest of the period in question, their profitability generally declined.

Sodium acetate: U.S. imports for consumption, and the ratio of imports to apparent U.S. open-market consumption, 1976-78, January-September 1978, and January-September 1979

Item and source	U.S. imports					Ratio of imports to apparent U.S. open-market consumption				
	1976	1977	1978	Jan.-Sept--		1976	1977	1978	Jan.-Sept--	
				1978	1979				1978	1979
	Quantity									
	1,000 pounds					Percent				
From Canada	1,345	2,041	1,372	1,159	50	***	***	***	***	***
Other	39	238	43	40	48	***	***	***	***	***
Total	1,384	2,279	1,415	1,199	98	***	***	***	***	***
	Value									
	1,000 dollars					Percent				
From Canada	353	567	381	322	19	***	***	***	***	***
Other	9	56	11	10	11	***	***	***	***	***
Total	362	623	392	332	30	***	***	***	***	***

Source: Imports, compiled from official statistics of the U.S. Department of Commerce; open-market consumption, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 1.--Sodium acetate: U.S. imports, total and from Canada, by month, January 1976-September 1979



Source: Compiled from official statistics of the U.S. Department of Commerce.

Sodium acetate: U.S. production, capacity utilization, producers' open-market shipments, exports, average number of production and related workers producing sodium acetate, net operating profit of U.S. producers 1/, and ratio of net operating profit to net sales, 1976-78, January-September 1978, and January-September 1979

Period	U.S. production	Capacity utilization	U.S. producers' open-market shipments	Exports	Average number of production and related workers	Net operating profit	Ratio of net operating profit to net sales
	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Number	1,000 dollars	Percent
1976	24,248	73.2	***	***	115	***	***
1977	23,793	69.1	***	***	115	***	***
1978	27,326	75.6	***	***	122	***	***
Jan.-Sept--							
1978	20,416	78.4	***	***	120	2/	2/
1979	18,941	55.6	14,823	***	117	3/ ***	3/ ***

1/ Figures shown are for the 2 largest commercial sellers of sodium acetate.
2/ Not available.
3/ January-June 1979.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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In 1977, the year imports of sodium acetate reached their peak, the industry's performance slumped. Production, capacity utilization, net operating profit, and the ratio of net operating profit to net sales decreased, while exports and employment remained the same. U.S. producers' open-market shipments, however, increased by almost * * * pounds, or by * * * percent from the 1976 level.

In 1978, the industry's performance improved. All indicators for the year increased from their 1977 levels, and, except for the ratio of net operating profit to net sales, the figures surpassed the 1976 levels. Production increased to 27.3 million pounds in 1978, or by almost 13 percent from that in 1976. Capacity utilization peaked in the period January-September 1978, reaching 78.4 percent, or increasing by 7.1 percent from the 1976 level. U.S. open-market shipments increased to * * * million pounds, or by * * * percent from the 1976 figure, and the number of production and related workers rose by 6 percent. The net operating profit increased by more than * * * in this period, or by * * * percent, and the ratio of net operating profit to net sales rose by * * * percentage points from its 1977 level, but remained below the 1976 figure.

The figures for January-September 1979 show that the industry's performance generally deteriorated in this period compared to January-September 1978 despite the near elimination of the imports of sodium acetate from Canada. Although U.S. producers' shipments increased by * * * pounds, or by * * * percent over those in the corresponding period of the previous year, the other indicators declined. Capacity utilization, in particular, fell to 55.6 percent, or by 29 percent from that in January-September 1978. This was due chiefly to * * *. The profitability figures reflect only the first 6 months of 1979, yet they, too, show sharp decreases from the 1978 levels when annualized.

Because shipments of U.S. producers' FCC grade sodium acetate to AIC did not coincide with VWR's shipments to AIC (all of which were FCC grade), strict price comparisons between the two cannot be made. However, at least one U.S. producer did ship technical grade material to AIC while AIC still imported the Canadian product. Comparisons between prices paid for U.S.-produced technical grade and Canadian-produced FCC grade are not necessarily less appropriate in this instance, because AIC generally markets the Canadian product as technical grade. Despite the grade difference, however, VWR's price to AIC for sodium acetate was * * * cents per pound, or * * * percent lower than U.S. producers' prices in each instance.

During the period covered by this investigation, VWR's prices to AIC were lower than U.S. producers' weighted average prices to their principal distributors for FCC grade sodium acetate. The margins of underselling by VWR ranged from * * * to * * * cents per pound, or from * * * to * * * percent. When compared to U.S. producers' weighted average prices for technical grade, VWR's prices to AIC were also lower, by * * * to * * * cents per pound, or by * * * to * * * percent. In almost every case, the margin of underselling was more than acccounted for by Treasury's LTFV margin. It was found that the weighted average prices of domestic producers for their technical and FCC grades of sodium acetate increased at average monthly rates of * * * and * * * cents per pound, respectively, from January 1977 to September 1979. However,

when the trends of the weighted average prices for both grades were examined on a yearly basis, it was found that in 1977 and 1978 they increased only moderately, while in 1979, when imports of sodium acetate were virtually eliminated, the weighted average prices rose sharply.

The Commission confirmed several instances of sales lost to imports by the major domestic producer of sodium acetate, Niacet Corp.. However, the verifiable lost sales amounted to only a little more than half the total amount alleged. And, while all the firms indicated that price was a major factor in their purchasing decisions, two firms, including * * *, stated that their decision had been based on the combination of price and service offered by AIC, the sole distributor of the Canadian-produced material in the United States.

Introduction

On October 1, 1979, the U.S. International Trade Commission received advice from the Department of the Treasury that sodium acetate from Canada is being, or is likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)). 1/ Accordingly, on October 12, 1979, the Commission instituted investigation No. AA1921-211 under section 201(a) of said act to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. By statute, the Commission must render its determination within 3 months of its receipt of advice from Treasury. In this case, the Commission intends to submit its determination to Treasury by December 21, 1979.

In connection with the investigation, a public hearing was held in Washington, D.C., on November 27, 1979. Notice of the institution of the investigation and public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the notice in the Federal Register of October 24, 1979 (44 F.R. 61272). 2/

The Treasury Department instituted its investigation into the fact or likelihood of LTFV sales after receiving a properly filed complaint on March 5, 1979, from the Niacet Corp., Niagara Falls, N.Y. Treasury's notice of withholding of appraisement and determination of sales at LTFV was published in the Federal Register of October 4, 1979 (44 F.R. 57249).

The Product

Description and uses

Sodium acetate is the major commercial salt of acetic acid, and, in its pure form, is a white, hygroscopic 3/ powder. Production of this chemical is relatively small, yet it has a wide variety of uses. In addition to being an intermediate for dyes and certain chemicals, it acts as a buffer in textile dyes and printing inks, feed preparations, and food preservatives. Industry sources estimate that textiles and textile dye formulations account for 30 to 40 percent of U.S. consumption of sodium acetate. It is also used in the production of synthetic organic flavors, pharmaceuticals, soaps, and detergents. Recently, it has also found use in kidney dialysis solutions. These are but a few of the many existing applications.

1/ A copy of Treasury's letter to the Commission concerning LTFV sales of sodium acetate from Canada is presented in app. A.

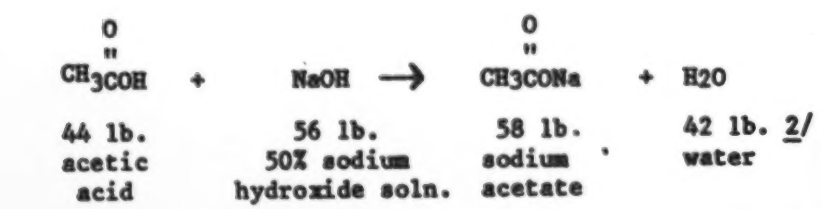
2/ A copy of the Commission's notice of investigation and hearing is presented in app. B.

3/ Readily taking up and retaining moisture.

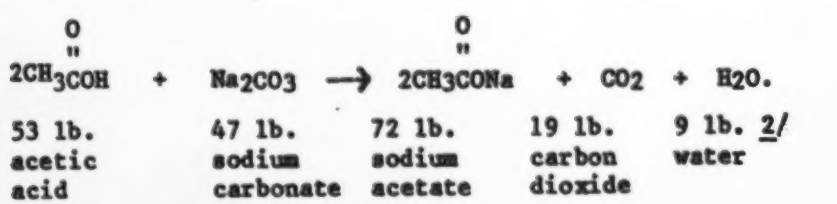
There are two basic forms and several grades of sodium acetate. It may be sold as a pure, anhydrous 1/ powder, or in an aqueous solution. Most of the commercial product is sold in the powder form and shipped in 50-pound palletized bags. This material is available in seven grades--highest purity, pure fused, chemically pure (CP), United States Pharmacopoeia (USP), Food Chemicals Codex, technical, and photo. These grades vary only as to the specifications for purity and particle size. The grades demanded by U.S. consumers, in order of their importance, are technical, FCC, USP, and photo. Van Waters & Rogers, Ltd.--the Canadian producer--exports only the FCC grade of the anhydrous product, since its normal manufacturing process produces material of such quality that it meets FCC specifications.

There are two major processes for the production of sodium acetate: in one, acetic acid is combined with an aqueous solution of 50 percent sodium hydroxide (caustic soda); in the other, the acetic acid is combined with sodium carbonate (soda ash). The latter method is a proprietary process used exclusively by Niacet. The chemical reactions are shown below:

(1) Neutralization of acetic acid with a 50 percent sodium hydroxide solution:



(2) Neutralization of acetic acid with sodium carbonate (soda ash):


O
2CH3COH + Na2CO3 → 2CH3CONa + CO2 + H2O.
53 lb. acetic acid
47 lb. sodium carbonate
72 lb. sodium acetate
19 lb. carbon dioxide
9 lb. 2/ water

These are simple reactions, but both processes require sophisticated drying equipment and heat to remove the water from the reaction products. Some sodium acetate or acetic acid (approximately 5 to 10 percent) may be lost when the water is removed. Neither process generates marketable coproducts or environmentally hazardous wastes. The basic equipment has remained relatively unchanged for the last 30 to 40 years, and no major process innovations or equipment improvements are foreseen.

1/ Free of water either absorbed on a surface or combined as water of crystallization.

2/ These figures are for a 100-pound formula and based on chemical equivalence alone.

The sodium hydroxide method is a batch-continuous process; that is, the salt is formed in a reactor on a batch basis and then fed into a continuous drying system. Water containing sodium acetate is piped back into the reaction vessel to be used again. * * *.

Each process is capable of producing FCC, technical, or photo grade material, but the process using soda ash has a number of advantages that make it the more efficient of the two. For one, it requires much less energy. Four times as much water is present in the reaction products of the sodium hydroxide process. All this water must be removed using heat and mechanical energy. Also, the sodium hydroxide solution must be stored in heated, insulated tanks in order to remain homogeneous. * * *.

There are, however, serious disadvantages inherent in the soda ash process, which limit its versatility. The * * * process commits a larger amount of capital to sodium acetate production. It limits flexibility in both the level of production and the type of chemical produced. Due to the quality of the carbonates available, production by the soda ash method is presently restricted to * * *. * * *. In contrast, the sodium hydroxide method can be used to produce all four major grades of sodium acetate as well as solutions and various other salts of acetic and propionic acids.

Some of these salts--calcium propionate, for example--can, in some instances, be used as a substitute for sodium acetate. However, there is no general substitute for a product with the diversity of applications sodium acetate has. In fact, where it is used as an intermediate in the synthesis of dyes, drugs, or chemicals, there can be no simple replacement.

U.S. tariff treatment

Sodium acetate is dutiable under the provisions of item 426.86 of the Tariff Schedules of the United States at a column 1 (most-favored-nation) rate of 5 percent ad valorem. This rate has been in effect since January 1, 1972, when the final stage of the concessions granted in the Kennedy round of negotiations under the General Agreement on Tariffs and Trade became effective. The column 2 (statutory) rate of duty is 25 percent ad valorem. Under the Generalized System of Preferences, all imports of sodium acetate from designated beneficiary developing countries are eligible for duty-free treatment.

Nature and Extent of Sales at LTFV

Treasury's LTFV determination is based on an examination of sodium acetate from the sole Canadian producer----Van Waters & Rogers, Ltd., Quebec--for the period September 1, 1978, through February 28, 1979. During the 6-month period of Treasury's examination, all of VWR's exports of sodium acetate to the United States were FCC grade and were shipped to one unrelated distributor--American International Chemical, Inc., Natick, Mass.

For the purpose of determining whether sodium acetate was being, or was likely to be, sold at less than fair value, Treasury considered AIC's purchase price and the home market price to be the proper bases of comparison. Home-market price was used in determining fair value because sufficient quantities of sodium acetate produced by VWR were sold in Canada. Using the above criteria, Treasury made comparisons on 100 percent of the sodium acetate sales to the United States (* * * pounds exported in * * * separate shipments, for which the purchase price totaled * * *) during the 6-month period and found an LTFV margin of 34.75 percent of the purchase price on all the individual sales examined. As a percentage of the home-market price, the basis of calculation used by the Commission, the LTFV margin amounted to 25.79 percent.

The Domestic Industry

U.S. producers

Relative to the production of many other chemicals, sodium acetate production is small: total annual production in the United States ranged from 23 to 28 million pounds between 1976 and 1978. Five of the eight companies that produced the salt in 1978 are listed in table 1. These five--Niacet Corp. (owned by Union Carbide until June 1978); Mallinckrodt, Inc.; Honig Chemical and Processing Corp. (Honig); SCM Corp.; and Tennessee Eastman Co. Division of Eastman Kodak Corp.--account for about 95 percent of all domestic production (table 2). Only three of these companies--Niacet, Mallinckrodt, and Honig--produced anhydrous sodium acetate for the commercial market; and, although Honig has recently begun to sell its product on the market, it is principally a toll-producer. Jarchem Industries, Inc., established in 1978, * * * has no facilities for the production of sodium acetate, but simply markets material that has been toll-produced for it * * *. SCM and Tennessee Eastman produce only for internal consumption.

Niacet and Mallinckrodt dominate the U.S. industry. Their combined output has accounted for at least * * * percent of annual U.S. production since 1976, and in 1976 and 1977 their shipments accounted for about * * * percent of total U.S. shipments. In the last 2 years, however, their share of the market has declined. In 1978, their sales represented * * * percent of total U.S. shipments, and for the first 9 months of 1979, that percentage decreased to * * * percent. Honig and Jarchem began to market sodium acetate in 1978. That year, Jarchem's sales accounted for only * * * percent of total U.S. sales, but by January-September 1979, Jarchem had increased its share of the market to * * * percent.

In 1977, one small company--C. H. Patrick Co., Inc.--ceased production of sodium acetate because it was unprofitable. The production of this firm was miniscule, less than * * * percent of total domestic production. C. H. Patrick produced solely for internal consumption.

Table 1.--Sodium acetate: U.S. production and sales, by firms, 1976-78, January-September 1978, and January-September 1979

Firm	Production				
	1976	1977	1978	January-September--	
				1978	1979
	1,000 pounds				
Niacet	***	***	***	***	***
Mallinckrodt	***	***	***	***	***
Honig	***	***	***	***	***
Jarchem	***	***	***	***	***
SCM Corp	***	***	***	***	***
Tennessee Eastman	***	***	***	***	***
All other	***	***	***	***	***
Total	1/ 24,248	1/ 23,793	1/ 27,326	1/ 20,416	1/ 18,941

Firm	Sales										
	Quantity					Value					
	1976	1977	1978	Jan.-Sept.--		1976	1977	1978	Jan.-Sept.--		
				1978	1979				1978	1979	
	1,000 pounds					1,000 dollars					
Niacet	***	***	***	***	***	***	***	***	***	***	***
Mallinckrodt	***	***	***	***	***	***	***	***	***	***	***
Honig	***	2/ ***	***	***	***	***	***	***	***	***	***
Jarchem	***	3/ ***	3/ ***	3/ ***	3/ ***	***	***	***	***	***	***
SCM Corp	***	***	***	***	***	***	***	***	***	***	***
Tennessee Eastman	***	***	***	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	14,823	***	***	***	***	***	6,473

1/ These data represent at least 95 percent of total production.
2/ * * *.
3/ Jarchem was not established until 1978. * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 2.--Sodium acetate: Percent distribution of U.S. production and sales, by firms, 1976-78, January-September 1978, and January-September 1979

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Of the domestic producers, Niacet has, by far, the largest portion of the market and also the largest commitment to the production of sodium acetate. Niacet sells only * * *. Sales of sodium acetate accounted for nearly * * * percent of its total sales in 1979. In contrast, the other merchant manufacturers sell a larger variety of products. Honig's sales of the salt represented about * * * percent of its total sales, while Mallinckrodt's sales of sodium acetate accounted for only * * * percent of its total sales.

The only U.S. producer that has imported sodium acetate is * * *. * * * purchased the product from * * *, but the purchases amounted to only * * * percent of its total consumption in 1977, the peak year for * * * imports. No material was imported by * * * after * * *.

U.S. importers

There is only one significant importer of Canadian-produced sodium acetate--American International Chemical, Inc. AIC is a very small distributor, employing only * * * people. It has no unique method of marketing its product and they add no value, physically, to it. However, through its aggressive pursuit of sales and the specialized attention given to each customer and every shipment, this firm succeeded in creating a market for VWR's sodium acetate after earlier attempts by VWR's own distributing firms in the United States failed. 1/

The imported material accounted for the bulk of sodium acetate sold by AIC during 1976-78, as shown in table 3. In fact, imports constituted * * * percent of AIC's sales in 1976 and 1977. In 1978, that percentage decreased to * * * percent. By January 1979, imports had ceased.

Table 3.--Sodium Acetate: Imports and net sales by American International Chemical, Inc., 1976-78, January-September 1978, and January-September 1979

Item	1976	1977	1978	Jan.-Sept.--	
				1978	1979
Imports of sodium acetate from Canada---------1,000 pounds--	***	***	***	***	***
Net sales of sodium acetate 1,000 pounds--	***	***	***	***	***
Ratio of imports to net sales percent----	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

1/ This is according to information collected by the Commission from AIC management and confirmed for the Commission by Niacet and several of AIC's customers.

* * * * * * *

U.S. consumers

The commercial market deals almost exclusively with anhydrous sodium acetate, particularly technical and FCC grades, which accounted for over 98 percent of total U.S. sales during the period under consideration. The end users are difficult to identify, since sodium acetate is used in such a variety of ways. There is, however, a general consensus that the textile and dye industry consumes 30 to 40 percent of commercial production. Other major consumers of sodium acetate are manufacturers of pharmaceuticals, photochemicals, flavor chemicals, hemodialysis solutions, and detergents. The end users do not demand large amounts of sodium acetate, so truckload sales are not frequent. Demand is relatively nonseasonal.

Producers' sales generally fall into two categories--sales to end users and sales to distributors. Normally, direct sales to end users are preferable, since distributors receive a 5-percent discount. In this industry, however, because of the multitude of end users and the small size of their purchases, producers must rely to some extent on distributors. The data in table 4 show that there is a growing reliance on distributors in the industry. Between 1976 and January-September 1979, the percentage of all producers' sales to distributors increased from 29.5 to 46.2 percent.

Generally, sodium acetate production is determined on a monthly basis. Spot orders are common, and sales contracts are not binding. These contracts are simply agreements arranged annually between producer and purchaser on the basis of probable demand and prices. Prices depend on the grade of the material (the higher grades being more expensive), the class of customer (end user or distributor), and the size of the purchase. (Depending on the quantity of the total shipment, the price may vary by as much as * * * cents per pound, or by roughly 15 percent.) Table 5 shows U.S. production, exports, imports, and apparent consumption (without allowance for changes in inventory levels). Table 6 is the commercial analog of table 5, showing U.S. producers' open-market shipments, imports, exports, and apparent open-market consumption.

Table 4.--Sodium acetate: Percentage distribution of sales to end users and distributors, by firms, 1976-78, January-September 1978, and January-September 1979

(In percent)

Item and firm	1976	1977	1978	Jan.-Sept.-- 1978	Jan.-Sept.-- 1979
	To distributors				
Niacet	***	***	***	***	***
Mallinckrodt	***	***	***	***	***
Honig	***	***	***	***	***
Jarchem	***	***	***	***	***
All other	***	***	***	***	***
Average	29.5	39.5	35.8	35.7	46.2
	To end users				
Niacet	***	***	***	***	***
Mallinckrodt	***	***	***	***	***
Honig	***	***	***	***	***
Jarchem	***	***	***	***	***
All other	***	***	***	***	***
Average	69.1	59.3	63.4	63.4	54.0

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 5.--Sodium Acetate: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1976-78, January-September 1978, and January-September 1979

Period	U.S. production	Imports			Exports	Apparent consumption 1/	Ratio of imports to consumption		
		From Canada	Other	Total			Canada	Other	Total
	1,000 pounds						Percent		
1976	24,248	1,345	39	1,384	***	***	***	***	***
1977	23,793	2,041	238	2,279	***	***	***	***	***
1978	27,326	1,372	43	1,415	***	***	***	***	***
Jan.-Sept.									
1978	20,416	1,159	40	1,199	***	***	***	***	***
1979	18,941	50	48	98	***	***	***	***	***

1/ Does not include adjustments for changes in inventory levels.

Source: Production and exports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Table 6.--Sodium Acetate: U.S. producers' open-market shipments, imports for consumption, exports of domestic merchandise, and apparent open-market consumption 1976-78, January-September 1978, and January-September 1979

Period	U.S. producers' open-market shipments	Imports			Exports	Apparent open-market consumption	Ratio of imports to open-market consumption		
		From Canada	Other	Total			Canada	Other	Total
	1,000 pounds						Percent		
1976	***	1,345	39	1,384	***	***	***	***	***
1977	***	2,041	238	2,279	***	***	***	***	***
1978	***	1,372	43	1,415	***	***	***	***	***
Jan.-Sept.									
1978	***	1,159	40	1,199	***	***	***	***	***
1979	14,823	50	48	98	***	***	***	***	***

Source: Production and exports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Foreign Producers

There were at least 22 foreign producers of sodium acetate during the period covered by this investigation: eight are Japanese firms, seven are based in the United Kingdom, and there is one each in Canada, the Federal Republic of Germany, France, Italy, the Netherlands, Switzerland, and the People's Republic of China. However, only Canada, West Germany, and China have exported the product to the United States.

VWR, the only producer of sodium acetate in Canada, was responsible for nearly all the imported material during this period. Between 1976 and 1978, their shipments, valued at * * * to * * * annually, accounted for about * * * percent of total U.S. imports of sodium acetate in terms of quantity (table 7). In January 1979, however, VWR suspended shipments of the product following a furnace explosion at their plant. And, although the furnace was repaired by April 1979, no large shipments of the material have been made to the United States since. * * *.

Although VWR produces various salts of acetic, propionic, and benzoic acids, the company acts primarily as a chemical distributor. It has only one plant, located in Valleyfield, Quebec. Their annual sodium acetate capacity was * * * pounds during the entire period under consideration, and there are no plans for expansion. In comparison, by 1979 the two major U.S. commercial producers of sodium acetate, Niacet and Mallinckrodt, had increased their annual capacities to * * * and * * * pounds, respectively.

VWR's production of sodium acetate * * * in 1977, when they produced * * * pounds. This represented a * * * percent * * * 1976 production. In 1978, however, production * * * to * * * pounds, or by * * * percent. And, in January-September 1979, production of the salt totaled only * * * pounds, a * * * percent * * * from production in the corresponding period of the previous year. VWR's capacity utilization * * *. It amounted to * * * percent in 1976, but by 1977 * * * percent before * * * to * * * percent in 1978.

Industry sources estimate that the Canadian market for sodium acetate amounts to only 500,000 pounds per year. Exports of the salt have, therefore, been very important for VWR. Export shipments of sodium acetate accounted for about * * * percent of VWR's total production in 1976 and 1978 and * * * percent in 1977. In comparison, VWR's domestic shipments of the product amounted to * * * percent of production in 1976 and 1978 and * * * percent in 1977. (The remainder is internally consumed.)

Table 7.--Sodium acetate: U.S. imports for consumption, by specified sources, 1976-78, January-September 1978, and January-September 1979

(Quantity, in thousands of pounds; value, in thousands of dollars)

	Imports					Percent of total				
				Jan.-Sept.					Jan.-Sept.	
	1976	1977	1978	1978	1979	1976	1977	1978	1978	1979
	Quantity									
Canada	1,345	2,041	1,372	1,159	50	97.2	89.6	97.0	96.7	51.0
Other	39	238	43	40	48	2.8	10.4	3.0	3.3	49.0
Total	1,384	2,279	1,415	1,199	98	100.0	100.0	100.0	100.0	100.0
	Value									
Canada	353	567	381	322	19	97.5	91.0	97.2	97.0	63.3
Other	9	56	11	10	11	2.5	9.0	2.8	3.0	36.7
Total	362	623	392	332	30	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of U.S. Department of Commerce.

The Question of Injury or Likelihood Thereof

U.S. production, producers' shipments, and exports

For the period of this investigation, no clear trends in total U.S. production of sodium acetate are apparent. Total production dipped from 24.2 million pounds in 1976 to 23.8 million pounds in 1977, but rebounded to 27.3 million pounds in 1978 (table 1). It then declined in January-September 1979 from that in the corresponding period of 1978. Looking at the major U.S. producers individually, however, certain trends become evident.

* * * * * * *

In contrast to production, producers' shipments of sodium acetate show a clear trend. They increased throughout the period covered by this investigation. Between 1976 and 1978, the total quantity of sodium acetate sold increased by more than * * * percent, and increased again between January-September 1979 and January-September 1978 by * * * percent . This overall trend held despite the decline in * * *.

Exports do not represent a significant part of total U.S. shipments. Although precise data are not available concerning the exports, it is estimated that they amounted to no more than * * * pounds annually, or no more than * * * percent of U.S. producers' total shipments.

Capacity and capacity utilization

Production, capacity, and capacity utilization are shown for the five major U.S. producers of sodium acetate in table 8. * * * total capacity for the industry increased by more than 34 percent, or from 32 million pounds to 43 million pounds (annualized), between 1976 and 1979. * * *. 1/

1/ For the purpose of this investigation, capacity is defined as the normal sustained production that can be achieved on an annual basis given allowance for anticipated maintenance and down-time, based on 3 shifts per day, 7 days a week, and the average product mix during 1978 and 1979.

Table 8.--Sodium acetate: U.S. production, producers' capacity, and capacity utilization, by firms, 1976-78, January-September 1978, and January-September 1979

Item and firm	1976	1977	1978	January-September--	
				1978	1979
Production:					
Niacet----------1,000 pounds--	***	***	***	***	***
Mallincrodt----------do----	***	***	***	***	***
Honig----------do----	***	***	***	***	***
Tennessee Eastman----------do----	***	***	***	***	***
SCM Corp----------do----	***	***	***	***	***
Total----------do----	23,380	22,765	26,044	19,392	17,925
Capacity:					
Niacet----------1,000 pounds--	***	***	***	***	***
Mallinckrodt----------do----	***	***	***	***	***
Honig----------do----	***	***	***	***	***
Tennessee Eastman----------do----	***	***	***	***	***
SCM Corp----------do----	***	***	***	***	***
Total----------do----	31,950	32,950	34,450	24,742	32,242
Capacity utilization:					
Niacet----------percent--	***	***	***	***	***
Mallinckrodt----------do----	***	***	***	***	***
Honig----------do----	***	***	***	***	***
Tennessee Eastman----------do----	***	***	***	***	***
SCM Corp----------do----	***	***	***	***	***
Total----------do----	73.2	69.1	75.6	78.4	55.6

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Total capacity utilization of U.S. producers for the period under consideration appears erratic. From 1976 to 1977, capacity utilization for the industry as a whole dropped from 73 percent to 69 percent, but rose to more than 75 percent in 1978. In January-September 1979, total capacity utilization dropped to 56 percent, * * *. In contrast to the aggregate figures, the figures for each firm taken individually show clear trends. * * *.

U.S. employment

Table 9 shows the domestic employment statistics for sodium acetate producers. The chemical industry as a whole is not labor intensive, and the production and related workers engaged in the production of sodium acetate make up less than 10 percent of the total number of employees in U.S. producers' establishments. From 1976 to 1978, the total number of employees in U.S. establishments producing sodium acetate remained relatively constant. In January-September 1979, however, that total declined by 9 percent from the

Table 9.--Average number of employees in U.S. establishments producing sodium acetate, total, production and related workers, total and producing sodium acetate, and man-hours worked by production and related workers engaged in the manufacture of sodium acetate, 1976-78, January-September 1978, and January-September 1979

Item and firm	1976	1977	1978	January-September--	
				1978	1979
Average number of--					
All employees	1,713	1,803	1,714	1,728	1,570
Production and related workers--					
All	776	802	746	751	725
Producing sodium acetate	115	115	122	120	117
Man-hours worked by production and related workers producing sodium acetate	112,993	112,655	128,621	91,598	92,183

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

number in the corresponding period of 1978, from 1,728 to 1,570. This decline was largely the result of * * *.

These reductions are also reflected in the figures for all production and related workers and for those engaged in the production of sodium acetate, but to a much smaller degree. Between 1976 and 1978, the number of all production and related workers fell from 776 to 746, or by nearly 4 percent. In contrast, the number of workers producing sodium acetate rose from 115 to 122 during the same period. And, despite a slight reduction in 1977, the total man-hours worked by those producing sodium acetate also increased during the period, from almost 113,000 to well over 128,000. However, employees in the sodium acetate industry, as in most of the chemical industry, are often retained during slack periods simply to maintain the equipment. Significant changes in employment occur only when opening plants or when converting or closing old plants.

U.S. producers' inventories

Table 10 shows Niacet's and Mallinckrodt's end-of-period inventories. These two are the only major producers of sodium acetate that market significant amounts of the product. Collectively, their inventories * * *.

Table 10.--Technical and FCC grades of sodium acetate: U.S. producers' inventories, by firms, as of Dec. 31, 1976-78 and Sept. 30, 1978 and 1979

Item and firm	December 31 of--			September 30 of--	
	1976	1977	1978	1978	1979
Inventories:					
Niacet----------1,000 pounds--	***	***	***	***	***
Mallincrodt----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***
Ratio of inventories to shipments during the preceeding 12-month or 9-month period:					
Niacet----------percent--	***	***	***	***	***
Mallinckrodt----------do----	***	***	***	***	***
Total----------do----	***	***	***	***	***

Source: Compiled from data collected in response to questionnaires of the U.S. International Trade Commission.

* * * * * * *

Profit-and-loss experience of U.S. producers

Financial data pertaining to sodium acetate operations were available only for the two major commercial producers, Niacet and Mallinckrodt (table 11). They accounted for nearly * * * percent of U.S. shipments in 1976 and 1977, but in 1978 they accounted for only * * * percent, and in January-September 1979 that figure declined to * * * percent. Total net sales increased steadily over the period in question. From 1976 to 1978, total net sales increased from * * * to * * * or by * * * percent. The cost of goods sold also increased and at a faster rate than net sales. From 1976 to 1978, the cost of goods sold increased from * * * to * * * or by * * * percent, and appeared to increase again in January-June 1979. In contrast, despite fluctuations, total administrative and selling expenses * * * only modestly from * * * in 1976 to * * * in 1978, or by * * * percent.

Table 11.--Profit-and-loss experience of 2 U.S. producers of sodium acetate on their U.S. sodium acetate operations, by firms, 1976-78 and January-June 1979

Item and firm	1976	1977	1978	January-June 1979
Net sales:				
Niacet----------1,000 dollars--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***
Cost of goods sold:				
Niacet----------1,000 dollars--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***
Gross profit:				
Niacet----------1,000 dollars--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***
Administrative and selling expenses:				
Niacet----------1,000 dollars--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***
Net operating profit:				
Niacet----------1,000 dollars--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***
Ratio of net operating profit to net sales:				
Niacet----------percent--	***	***	***	***
Mallinckrodt----------do----	***	***	***	***
Total----------do----	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The net operating profit of these two producers dropped from * * * in 1976 to * * * in 1977, or by * * * percent. It then rebounded in 1978, increasing to * * * or by * * * percent, before dropping sharply in January-June 1979. The ratio of net operating profit to net sales followed a similar pattern, dropping from * * * percent in 1976 to * * * percent in 1977. It then rose to * * * percent in 1978, just shy of the 1976 level, before falling to * * * percent January-June 1979.

The Question of the Causal Relationship Between LTFV Imports and the Alleged Injury

U.S. consumption and market penetration of imports

From 1976 to 1978, apparent overall U.S. consumption of sodium acetate increased from * * * million to * * * million pounds, or by 12 percent, but fell somewhat in January-September 1979 compared with that in the corresponding period of 1978 (table 5). Apparent open-market consumption followed the same trend, but increased even faster, rising from * * * pounds in 1976 to * * * pounds in 1978, or by * * * percent. It also declined only slightly (by * * * percent) during January-September 1979 compared with open-market consumption in the corresponding period of 1978.

Imports from Canada accounted for virtually all of the sodium acetate imported into the United States during the period of the investigation. Imports reached their peak in 1977. That year, the ratio of imports from Canada to overall consumption was * * * percent, while the ratio of imports from Canada to open-market consumption reached * * * percent. Except for 1977, however, the ratio of imports from Canada to overall consumption and to open-market consumption decreased during the period under consideration. From 1976 to January-September 1979, imports from Canada decreased as a percentage of overall consumption from * * * percent to * * * percent, and as a percentage of open-market consumption, from * * * to * * * percent.

Prices

U.S. producers and VWR were asked to report monthly prices and quantities of technical and FCC grades of sodium acetate shipped to their three principal U.S. distributors between January 1977 and September 1979. The prices reported are f.o.b. plant and net of all discounts, allowances, rebates, and the value of any accepted premiums. Table 12 shows prices of * * *, * * *, and VWR to AIC, VWR's exclusive distributor in the United States. * * * made no sales to AIC during the period in question. Table 13 shows the weighted average prices of Mallinckrodt, Honig, and Niacet to their principal distributors in comparison with VWR's prices to AIC. All shipments by VWR to the United States were FCC grade.

While all shipments by VWR to AIC were made before January 1979, shipments of FCC grade sodium acetate by U.S. producers to AIC began only after this date. Strict price comparisons are, therefore, limited. However, comparisons can be made using * * * shipments of technical grade sodium acetate to AIC between July and December 1978. These comparisons are not necessarily less appropriate since AIC usually sells the imported product as technical grade. Despite the grade difference, VWR's price to AIC was * * * cents per pound, or * * * percent lower in each instance (table 12). This price difference is more than accounted for by the 34.75-percent LTFV margin found by Treasury.

Table 12.--Technical grade and FCC grade sodium acetate: Prices of U.S. producers and VWR to AIC, by firms and by months, January 1977-September 1979

* * * * * * *

Table 13.--Technical grade and FCC grade sodium acetate: Weighted average prices of U.S. producers to principal distributors, and prices of VWR to AIC, by months, January 1977-September 1979

* * * * * * *

During the period under consideration, VWR's prices to AIC were lower than U.S. producers' weighted average prices of FCC grade sodium acetate to their principal distributors. The margins ranged from * * * to * * * cents, or from * * * to * * * percent. When compared to U.S. producers' weighted average prices of technical grade sodium acetate to their principal distributors, VWR's prices to AIC were also lower by * * * to * * * cents, or by * * * to * * * percent. Again, in almost all cases, the margins of underselling were more than accounted for by Treasury's LTFV margin.

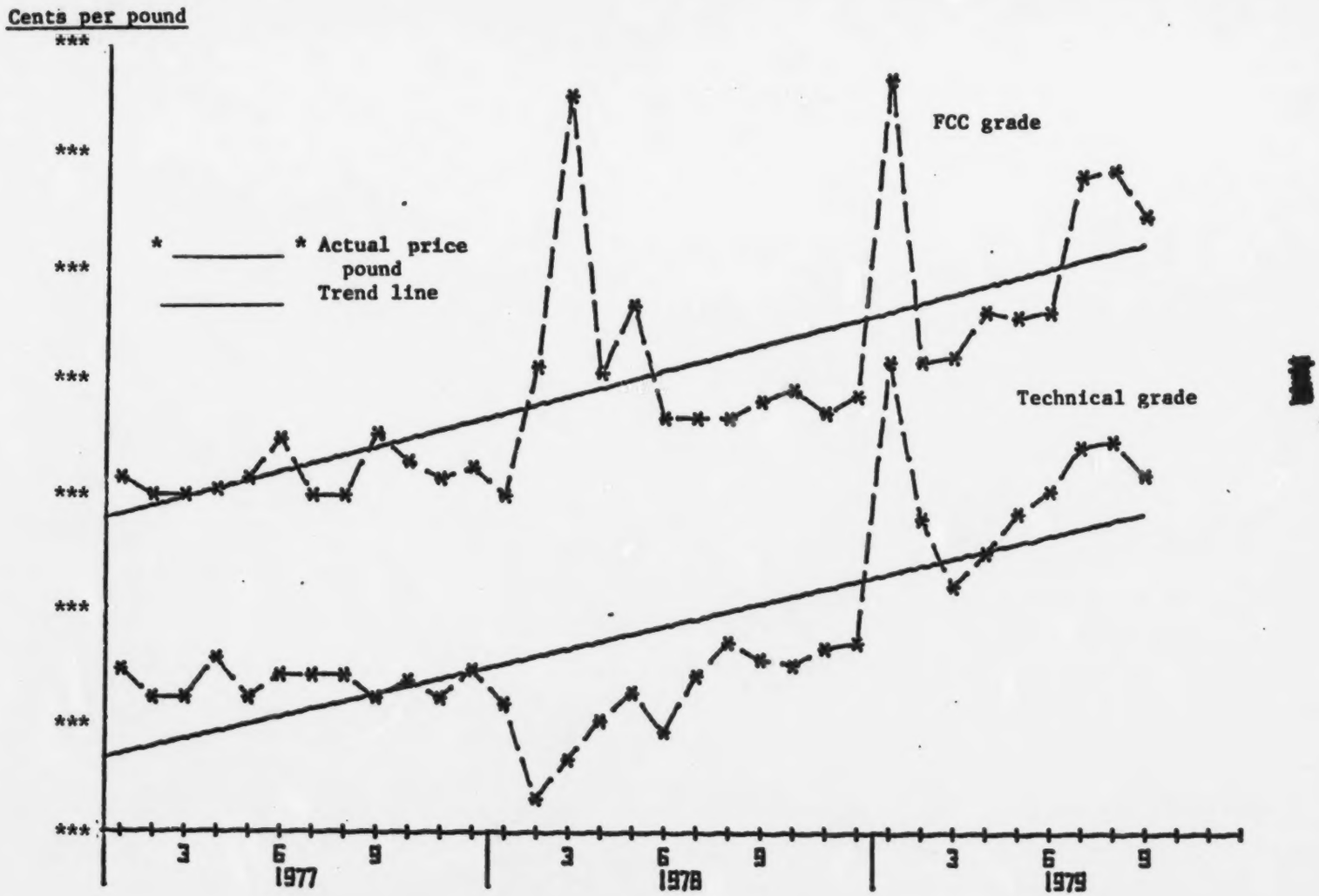
The weighted average prices for U.S. producers' FCC and technical grades of sodium acetate to their principal distributors are plotted, by months, from January 1977 to September 1979 in figure 2. It can be seen that prices for both grades followed the same general trend. During the period in question, the average monthly rates of increase in the weighted average prices for FCC grade and technical grade sodium acetate were * * * cents per pound and * * * cents per pound, respectively. The trend lines indicate that the average weighted prices for FCC and technical grades rose by about * * * and * * * percent, respectively, over the period. Despite the trend lines, it is apparent that in 1977 and 1978 the weighted average prices increased only moderately, while in 1979, when imports were virtually eliminated, prices rose sharply.

Lost sales

For the period January 1976-September 1979, only one domestic producer of sodium acetate--Niacet--cited specific lost sales to imports of the Canadian-produced material. Niacet alleged that sales amounting to * * * pounds, valued at * * * were lost at 9 companies. All these firms have been contacted by the Commission, but only 6 confirmed that sodium acetate was purchased from AIC, the sole distributor of the Canadian-produced material. Moreover, the sodium acetate purchased from AIC by 2 of these firms accounted for less than * * * percent of the sales Niacet claims to have lost at these accounts. In one other case the material was purchased in 1979, when imports had virtually stopped, and was, therefore, probably a domestic product. The Commission can actually verify that only * * * pounds of sodium acetate sales were lost to imports. The remaining lost sales alleged by Niacet were most likely due to domestic competition and/or reductions in total purchases by certain buyers.

All the companies that purchased the Canadian-produced sodium acetate from AIC purchased it in lieu of the domestic product. Three of these companies stated that price was the determining factor. On the other hand, two firms, including the * * * agreed that it was the combination of price and service offered by AIC which won AIC the sales. AIC claims that because it is such a small firm, it can pursue potential sales much more aggressively than a larger company could justify financially, and furthermore, that each customer and every shipment is important to AIC; thus, it warrants and receives special attention in order to guarantee satisfaction.

Figure 2.--Technical grade and FCC grade sodium acetate: Weighted average prices of U.S. producers to principal distributors, by month, January 1977-September 1979



Source: Compiled and derived from data presented in table 13.

APPENDIX A

TREASURY DEPARTMENT'S LETTER OF NOTIFICATION TO
THE U.S. INTERNATIONAL TRADE COMMISSION

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON

SEP 27 1979

REFER TO

APP-2-04-CT:T:T MR

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act, 1921, as amended, you are hereby advised that sodium acetate from Canada is being, or is likely to be, sold at less than fair value within the meaning of the Act.

The United States Customs Service will make available to the International Trade Commission as promptly as possible the file on sales or likelihood of sales at less than fair value of sodium acetate subject to this determination. This file is for the Commission's use in connection with its investigation as to whether an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by the reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with the Customs Service.

Sincerely,

General Counsel

The Honorable
Joseph O. Parker, Chairman
United States International Trade Commission
Washington, D.C. 20436

Enclosure

DOCKET NUMBER
FF597
Office of the Secretary
Intl. Trade Commission

APPENDIX B

NOTICE OF COMMISSION'S INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-211]

SODIUM ACETATE FROM CANADA

Notice of Investigation and Hearing

Having received advice from the Department of the Treasury on October 1, 1979, that sodium acetate from Canada is being, or is likely to be, sold at less than fair value, the United States International Trade Commission, on October 12, 1979, instituted investigation No. AA1921-211 under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. For purposes of the Treasury Department's determination, "sodium acetate" means sodium acetate classified under item 426.86 of the Tariff Schedules of the United States.

Hearing. A public hearing in connection with the investigation will be held on Tuesday, November 27, 1979, in the Commission's Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10 a.m., e.s.t. Requests to appear at the public hearing should be filed with the Secretary to the Commission, in writing, not later than noon, Wednesday, November 21, 1979.

Written statements. Interested parties may submit statements in writing in lieu of, or in addition to, appearing at the public hearing. A signed original and nineteen true copies of such statements should be submitted. Requests for confidential treatment should be directed to the attention of the Secretary. Any business information which a submitter wishes the Commission to treat as confidential should be clearly marked "Confidential Business Data." Submitters seeking

confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Should a request for confidential treatment be denied, the submission will be returned to the submitting party.

All written submissions, except for confidential business data, will be made available for inspection by interested persons. To assure that such statements are given due consideration by the Commission, such statements should be received not later than the close of business, Friday, November 23, 1979.

Conduct of the investigation under the Trade Agreements Act of 1979. Under the Antidumping Act, 1921, the Commission is required to notify the Treasury Department of its determination in this investigation not later than January 2, 1980 (19 CFR 201.14(a)). The Commission has determined, however, to make its determination in this investigation not later than the close of business, December 21, 1979, for the reason that if the investigation were not concluded until January 2, 1980, then under section 102 of the Trade Agreements Act of 1979 (P.L. 96-39, 93 Stat. 144, July 26, 1979), the Commission would be required to terminate this investigation and initiate an investigation under subtitle B of title VII of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979. The investigation would have to be completed within 75 days after January 1, 1980. (The Commission is aware that under section 107 of the Trade Agreements Act, if the provisions of section 2(a) of that statute are not fulfilled before January 1, 1980, then the provisions of title VII would not take effect. However, this possibility, if it occurs, will not substantially change the reasons for completing this investigation on or before December 21, 1979.) It would be inconsistent with the objective of expeditious proceedings in the Antidumping Act, 1921, and place unnecessary burdens upon the parties, to continue this investigation

under the new law under the circumstances of this case. The Commission is not hereby making a determination of how to treat with any other cases affected by section 102 of the Trade Agreements Act.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: October 15, 1979

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Library Cataloging Data

U.S. International Trade Commission.
Sodium acetate from Canada. Determination of no injury or likelihood thereof in investigation no. AA1921-211 under the Antidumping act, 1921, as amended, together with the information obtained in the investigation. Washington, 1979.

A 34 p. illus. 28 cm. (USITC Publication 1023)

1. Sodium acetate. 2. Acetic acid.
3. Acetic anhydride. I. Title.